

Lack of War Hurting Growth???

Commentary by Steve Leeper, *in italics*

The Lack of Major Wars May Be Hurting Economic Growth

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By Tyler Cowen

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I hate whoever wrote this headline. No, I'm a peace person, so I hate the crime, not the criminal. I hate the mindset and the system that caused some idiot to write this headline.

The continuing slowness of economic growth in high-income economies has prompted soul-searching among economists.

If this is true, those economists are enemies of humanity. The days of economic growth are gone. We should not be trying to grow. Growth means more energy used, more fossil fuels burned to make more pollution and waste, none of which are compatible with human survival. We should forget growth and work on minimizing the painful effects of contraction. Why can't economists and Tyler Cowen understand this?

They have looked to weak demand, rising inequality, Chinese competition, over-regulation, inadequate infrastructure and an exhaustion of new technological ideas as possible culprits. An additional explanation of slow growth is now receiving attention, however. It is the persistence and expectation of peace.

Who is expecting peace to persist? Nearly every government on Earth that is capable of doing so is increasing its military budget, and militaries everywhere are preparing to protect the rich from the poor.

The world just hasn't had that much warfare lately, at least not by historical standards. Some of the recent headlines about Iraq or South Sudan make our world sound like a very bloody place, but today's casualties pale in light of the tens of millions of people killed in the two world wars in the first half of the 20th century. Even the Vietnam War had many more deaths than any recent war involving an affluent country.

This is true so far this century, but can Cowen not feel what is coming? Does he think the war culture Neanderthals are going to let us fall into peace without a fight? Look at Syria,

Iraq, Ukraine, the South China Sea. The warmongers are doing everything they can to get some really exciting violence underway.

Counterintuitive though it may sound, the greater peacefulness of the world may make the attainment of higher rates of economic growth less urgent and thus less likely.

Exactly. That is one of the many reasons we need peace.

This view does not claim that fighting wars improves economies, as of course the actual conflict brings death and destruction. The claim is also distinct from the Keynesian argument that preparing for war lifts government spending and puts people to work.

Bullshit. Preparing for war is America's number one jobs program. All we have to do is stop sending Abrams tanks to Egypt, and Enyon, Pennsylvania goes on welfare. No promotion of war is distinct from this.

Rather, the very possibility of war focuses the attention of governments on getting some basic decisions right — whether investing in science or simply liberalizing the economy. Such focus ends up improving a nation's longer-run prospects.

So what we should do is build up the tensions, act like we want war and are on the verge of war, but not actually do anything destructive. This way, we're more likely to sharpen our focus and eliminate all those ridiculous government regulations that are holding the economy back (like protections for workers and the environment). This is insanity, of course, and it will likely get us killed, but unfortunately, it's what our war culture leaders are attempting. Idiots!